GOVERNMENT OF INDIA
COMMUNICATIONS AND INFORMATION TECHNOLOGY
LOK SABHA

UNSTARRED QUESTION NO:796
ANSWERED ON:03.03.2008
PROVISION OF LOW COST COMPUTERS
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Will the Minister of COMMUNICATIONS AND INFORMATION TECHNOLOGY be pleased to state:

:-

(a) the percentage of population having access to Computers and Internet in the country, State-wise, Economic Category-wise;

(b) whether the Government proposes to provide low cost computers to bridge the digital divide in the country; and

(c) if so, the details thereof?

Answer

MINISTER OF STATE FOR COMMUNICATIONS AND INFORMATION TECHNOLOGY(DR. SHAKEEL AHMAD)

(a): The total number of Internet Subscribers as on 31.12.2007 are 10.5million and the Broadband subscribers are 3.19 million as on 31.01.2008 as per reports from Internet Service Providers. Internet on dial up can be accessed even from rural areas of the country. Details as per State-wise Internet and Broadband Subscribers are at Annexure-I.

(b) and (c): To encourage the use of computers in the country, Instructions had been issued by Planning Commission to the States as well as Central Ministries for earmarking an amount exceeding 2-3 per cent of Ministry/Department`s budget for initiatives relating to furthering the use of information technology, including training, acquisition of hardware etc. The Government is facilitating the Industry to make available computers at affordable prices in the country. The Government has taken a number of steps for promotion of Electronics / IT hardware manufacturing and cutting down the prices of electronics hardware, including computers. The details are at Annexure-II.

ANNEXURE-I

Internet and Broadband Subscribers (As on 31.12.07 and 31.01.2008)

S.No.	State / Telecom Circle	Internet Subscribers (As on 31.12.07)	Broadband Subscribers (As on 31.01.08)
1.	Andaman & Nicobar	5,274	1293
2.	Andhra Pradesh	747,134	248428
3.	Assam	50,801	14037
4.	Bihar(Including Jharkhand)	129,634	39461
5.	Delhi#	1382679	419220
6.	Gujarat	552154	202344
7	Haryana	186572	45565
8.	Himachal Pradesh	37,063	7908
9.	Jammu & Kashmir	64,290	8364
10.	Karnataka	749751	357473
11.	Kerala (Including Lakshadweep)	671761	151180
12.	Maharashtra (Including Goa)	2369185	680816
13.	Madhya Pradesh (Including Chattisgarh)	385770	88599
14.	North East$	385770	5201
15.	Orissa	102549	22948
16.	Punjab	381,408	110566
17.	Rajasthan	395302	68399
18.	Tamilnadu (Including Pondicherry)	1060625	423409

19. Uttar Pradesh (Including Uttaranchal)	508542	125317
20. West Bengal (Including Sikkim)	671207	171343
TOTAL	10,506,586	3191871

#Includes Ghaziabad , Faridabad, NOIDA and Gurgaon
$ Includes Meghalaya, Mizoram, Arunchal Pradesh, Manipur, Nagaland & Tripura

Annexure

Steps taken by the Government for promotion of Electronics / IT Hardware Manufacturing

1. Foreign Direct Investment:
Approvals for all foreign direct investment upto 100% in the Electronics/IT Hardware manufacturing sector are under the automatic route.

2. Customs Duty:
The peak rate of customs duty has been reduced from 35% in 2001-02 to 10% in 2007-08. Customs duty on 217 Information Technology Agreement (ITA-1) items has been abolished from 1.3.2005.
All goods required in the manufacture of ITA-1 items have been exempted from customs duty subject to Actual user condition.
Customs Duty on specified raw materials / inputs used for manufacture of electronic components and optical fibres / cables is 0%.
Customs duty on specified capital goods used for manufacture of electronic goods is 0%.

3. Excise Duty:
Excise duty on computers is 12%, whereas the median rate for most items is 16%.
Microprocessors, Hard Disc Drives, Floppy Disc Drives, CD ROM Drives, DVD Drives/DVD Writers, Flash Memory and Combo-Drives have been exempted from excise duty.

4. Export Promotion Capital Goods scheme (EPCG):
Export Promotion Capital Goods scheme (EPCG) allows import of capital goods on payment of 5% customs duty.
The export obligation under EPCG Scheme can also be fulfilled by the supply of Information Technology Agreement (ITA- 1) items to the DTA provided the realization is in free foreign exchange.

5. Supplies of Information Technology Agreement (ITA-1) items and notified zero duty telecom/electronic items in the Domestic Tariff Area (DTA):
Supplies of Information Technology Agreement (ITA-1) items and notified zero duty telecom/electronic items in the Domestic Tariff Area (DTA) b y Electronics Hardware Technology Park (EHTP)/Export Oriented Unit (EOU) units are counted for the purpose of fulfillment of positive Net Foreign Exchange Earnings (NFE).

6. Special Economic Zones (SEZs):
Special Economic Zones (SEZs)are being set up to enable hassle free manufacturing and trading for export purposes.
Sales from Domestic Tariff Area (DTA) to SEZs are being treated as physical export. This entitles domestic suppliers to Drawback/ DEPB benefits, CST exemption and Service Tax exemption.
100% Income Tax exemption on export profits available to SEZ units for 5 years, 50% for next 5 years and 50% of ploughed back profits for 5 years thereafter.

7 Second hand capital goods:
Second hand capital goods are freely importable.

8. The Foreign Trade Policy for Electronics & IT products has been liberalized.

9. Simplification of Procedures: # Electronic Data Interchange (EDI) has been implemented by customs and is under implementation by central excise. Applications related to Foreign Trade like IEC Code, EPCG, Advance Licence, etc. can be filed electronically with the DGFT.

10. Expenditure incurred on in-house R&D:
Weighted deduction of 150% of expenditure incurred on in- house R&D in case of a company engaged in the business of electronic equipment, computers and telecommunication equipment is available under clause (1) of sub-section (2AB) of Section 35 o f the Income Tax Act.